

March 16, 2005

**NOTICE OF REVISED DETERMINATION OF REVENUE REQUIREMENTS
(California Code of Regulations Title 23 Section 510 et seq.)**

The California Department of Water Resources ("the Department" or "DWR") hereby provides notice of its revised determination of revenue requirements for the period January 1, 2005 through and including December 31, 2005. The Department has made this determination of revenue requirements in accordance with California Water Code, Division 27 (the "Act") and California Code of Regulations, Division 23, Chapter 4, Sections 510–517 (the "Regulations").

The Department has determined that its Retail Revenue Requirement for the period January 1, 2005 through and including December 31, 2005, is \$4.658 billion on a cash basis, consisting of \$3.808 billion in power revenues and \$0.850 billion in bond revenues. This revised determination results in a total reduction in the Department's 2005 Revenue Requirement of \$166 million.

In reaching its revised revenue requirements determination, the Department followed procedures consistent with those contained in the Act and the Regulations. The Department issued a proposed revised determination on February 28, 2005. A copy of the Department's proposed revised determination was posted on its web-site, <http://www.cers.water.ca.gov> and was also sent to interested persons who had requested notice of the Department's initial 2003 determination of revenue requirements. The deadline for submitting comments on the proposed revised determination was March 7, 2005. The only comments timely submitted in accordance with the Regulations were submitted by Pacific Gas Electric Company, and Southern California Edison Company. The Department has reviewed such comments and has made an assessment as to whether matters raised in those comments have a material impact on the proposed revised revenue requirement determination. To the extent changes were necessary they have been incorporated within the Department's revised determination of revenue requirements. The Department has also considered all such comments in reaching a determination that its revised revenue requirement for 2005 is just and reasonable.

This notice is being provided via electronic mail to those persons who received the original notice by electronic mail and by U.S. Mail to every person who has submitted a request for notice by U.S. Mail. This notice is also posted on the Department's web-site. As provided in the Regulations, a determination revised in accordance with Section 516(c) of the Regulations shall not be subject to requests for reconsideration.